ATTACHMENT 2

SAMPLE FOOTNOTE AND SUPPLEMENTARY INFORMATION

(Employer Name) Notes to the Financial Statements for the Year Ended June 30, 1998

Plan Description. The (Employer Name)'s defined benefit pension plan, (Name of Plan), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The (Plan Name) is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The (Employer Name) selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

Funding Policy: Active plan members in the (Plan Name) are required to contribute X% of their annual covered salary. The (employer entity) is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 1997/98 was XX.XX% (for miscellaneous employees, XX.XX% for firefighters, and XX.XX% for police officers). The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost: For fiscal year 1997/98, the (Employer Name)'s annual pension cost was $X,XX.X and the (Employer Name) actually contributed $Y,YYY. The required contribution for fiscal year 1997/98 was determined as part of the June 30, 1995 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 4.5% to 14.95% for miscellaneous members (from 5.02% to 12.34% for safety members), and (c) X% cost-of-living adjustment.* Both (a) and (b) include an inflation component of 4.5%. The actuarial value of (Plan Name)'s assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. (Plan Name)'s unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1997 was XX years.

*For plans with a 5% COLA, the actuarial assumption is 4.5%, i.e., the smaller of the CPI increase and the assumed inflation assumption.

Three-Year Trend Information for (Plan Name)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/94	$176,456	100.0%	$ 0
6/30/95	187,845	153.2%	(100,000)
6/30/96	192,217	93.5%	(87,421)

(Note that the amounts in the table above are taken from the example on page 7 of the disclosure information package for 1994/95 and 1995/96. The amount for 1993/94 was chosen arbitrarily.)

Required Supplementary Information

Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/94	$10,435,112	$10,775,863	$(340,751)	103.3%	$2,241,435	(15.202%)
6/30/95	11,866,326	11,948,957	(82,631)	100.7%	2,292,410	(3.605%)
6/30/96	13,161,922	13,662,168	(500,246)	103.8%	2,148,655	(23.282%)

(Note that the information in the above taken is taken form Page 2 of the hypothetical sample June 30, 1996 actuarial valuation report in Attachment 3.)

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